

## **ALG Minutes December 11, 2014**

Present: Bart Wendell, facilitator; Mike Gowing & Katie Green, BoS; Kristina Rychlik, SC; Steve Noone & Mike Majors, FC; Steve Ledoux, Glenn Brand, Steve Barrett & Marie Altieri, staff.

Absent: Dennis Bruce.

Audience: Peter Berry, Janet Adachi & Franny Osman, BoS; Brian McMullen & Clare Jeannotte, Staff; Lauren Rosenzweig, facilitator in-waiting and Charlie Kadlec.

Extra Info: ALG multi-year financial model; Minuteman FY 16 revenue estimate plan; finance committee's revenue summaries for 2.5% tax levy and 2%

Minutes were accepted as corrected.

### **2. Update of FY15 Revenues and expenses**

SL: Nothing much, revenues and expenses are on track. We have yet to see any impact on the governor's 9C cuts. House Speaker has vowed not to make cuts in local aid. The innovation challenge grant that has funded our transportation program has been removed from the budget. We are OK for this year but, not sure for next. The FY 16 budget will be presented to the BoS on Monday.

Glenn: There are concerns about the one-time credits; we are following the proposed 9C cuts and looking for means to shore up the expected shortfalls. FY16 will start next week with a broad foundation; budget will be rolled out on Jan. 8 and Budget Saturday is set for Jan 31.

The FY 16 assessment numbers will be put out on Jan. 8, because you need to know.

### **3. Cost savings sub committee**

SL: Three major boards were to discuss it. The BoS did discuss forming a cost savings sub-committee.

Kristina: The SC did talk about it. At the moment the reaction was not positive. They thought that another committee would not be the most efficient or effective way...."we have a budget subcommittee and that's where we can talk about cost savings."

MG: I was on the original committee and it was a lot of work---we got some good cost savings but we have already picked the low hanging fruit. If we look at the return for the time invested it will take a lot of staff time too when they are working on the budget.

Katie: I think it's something we should revisit in the late spring---after ATM. Meanwhile each board can work on it on their own.

Bart: Is there a specific focus and time?

SN: In the last study there was a recommendation about merging the town's rec. department with Community Ed. Now that there is regionalization that will never happen. In the three boards meeting no one suggested raising taxes. But there are gaps between the boards but I'm not about ready to call another three board meeting.

Kristina: Do you have a specific date?

SN: March, before the April Town Meeting. If we do not do something about FY 17 & 18—it's [the ALG model] not going to look good.

Katie: Perhaps we can flesh out ideas in March.

Bart could not get an agreement on this.

Kristina noted that she felt that it would be a real stretch to find cost savings in three months

The discussion centered on the idea that any real cost savings would take a far more extensive committee work than could be accomplished in three months.

\*\*\*It was finally agreed that each board would work on its own costs savings during the budget process without a separate committee.

#### **4. OPEB**

SN: We have reconstituted the OPEB working group with Janet Adachi (BoS) and Clare Jeannotte (SC staff) and we worked on the rationale for the \$1.4M charge which is the point of contention. We will not get a new actuarial study before town meeting. We do expect a better return on investment but the mortality tables have changed, we are living longer and health care costs will continue longer and there will be a shortfall.

I understand the SC wants to change the \$1.4M amount since they now have to pay 2/3 of the costs rather than the 1/3. I hate to see us step back, the FC will accept nothing less than \$1.1M We have agreed to meet again in January and review the costs.

Kristina: Thank you for reconvening the committee and looking into the concerns we noted at last meeting.

Bart: Does that mean the \$1.4M will stand for now? Yes.

#### **5. Spreadsheet**

SB: The DOR has certified our new growth numbers at \$948k. This is a big part of nailing down our total revenues.

I met with Marie and we retrofitted the town meeting votes for the schools into the plan. In the FY 15 Column we put \$49,835 M as the first shot

By this means we may be able to eliminate the FC's score card. This summary now has the costs hidden which make up the numbers [the numbers are on the back pages]

Once the tax rate is set on Monday we will fill in the actuals; we will have the town budget; free cash and there will be a lot of quality control we will have to work on before the next ALG meeting

Marie: We tried to keep it simple---we did not change the revenue; just changed the old format to get the assessment numbers

SB: We pulled out the regional revenue for the Acton side, trying to make the model more user-friendly. We will have to spend some "quality time" with the sheet over the break.

SN: I like the approach---in and out with the debt I'd rather have that consistent. Either put it in or out.

SB: We inherited this model and we've worked with it for a long time and perhaps it's time to get a better format.

Mike G: It might be a good time to do a holistic change rather than modifying it every year. We have changes on top of changes---will there be time? It's a working tool for us it's not what we take to Town Meeting.

SB: Going back to changes, Row G there is a positive \$223k balance from the ATM plan. That might be something to mitigate the coming 9C cuts. If we carry out the plan for three years, all we'll have is tax revenue, some expenses and tax rate.

Bart: Are you open to the idea of looking for ways to refresh the spreadsheet rather than revise it?

SN: The document is embedded in the FC's message---it's the only thing we [FC] give to the taxpayers. If the changes make it clearer and simpler---I'm all for it.

Marie: I'm open to look at it. Four- five years ago we made it simpler with around 12 back pages. It's good for the ALG to look at the whole model [and not just the first sheet]. It's premature to add the 9C cuts. We have not yet made the change in the transportation costs

from the state approved \$1.7M down to the \$1.3M. In the next couple of weeks we will have the town and SC budget numbers and we have to put those in.

SB: Do we have to wait for the budgets to be released to the public?

Katie: Does that mean budget Saturday?

SL: Monday night I'll present the budget to the selectmen, it's public then.

Mike G: That's just the first pass. On budget Saturday we grind down and see what we're spending the money on and we will get the perspective for the ALG FY16 column. The 9C cuts are in FY 15. There'll be a reduction in the Town Meeting number and the shortfall will increase the percentages for FY16.

Bart: Marie and Steve B. Do you have a clear idea on what you're to do?

SN: It's not specifically on the spreadsheet but the FC's POV has a blending of a 2% and a 2.5% tax. We don't have to talk about it now, but we will later.

## **6. Minuteman**

Steve Ledoux went to a breakfast meeting for district Town Managers at Minuteman with the superintendent who reported the preliminary budget is increasing by 1.64%. This will increase the assessments for the member towns. Acton's assessment at this point will be \$918,833k. Of that \$150,253 is for the middle school program. Enrollment at the school is dropping; 25 fewer in-district students and 20 fewer from out-of-district. OPEB is \$150k with a liability of \$16M. Reimbursement for Community Ed is dropping from 134% of the foundation budget to 125%.

Chapter 74 will only pay for non-members if there is not a similar program in their home district. Ch. 74 given a capital fee charge of 75%/student for out-of district and 100%/student for towns where there is no Voc. Ed opportunities.

The MMSC has tried to make changes in the regional agreement; 10 towns have passed it; six have deferred. There are many hang-ups. It's very difficult to get 16 towns to agree to anything. Right now Lincoln is the biggest problem; new construction will be on land in Lincoln and they want "host community" guarantees---otherwise they will pull out.

Renovating the present building is \$10M more than building a new one.---There are a lot of moving parts and nothing is settled.

Mike G: Are the other community enrollment numbers increasing?

SL: Right now we have 26 students and four post graduate.

SN: We passed the regionalization agreement. Boxboro did not. They may consider withdrawing.

Marie: Boxboro will vote at their next town meeting. We could run the Explorer classes ourselves and that would be part of our assessment [as well as Boxboro's].

SL: Five towns have passed over the vote. The problem right now is Lincoln who could defeat the whole thing.

Bart: Comments on the process: "I know that every year there are new folks at the table and they ask what the purpose of the ALG is. It's not my place to advocate, but the collection of data which starts coming in now makes Jan and Feb. the months where the real work starts. Once it does start, I think you'll understand why you have an ALG."

## **7. Public Comment:**

Mr. Kadlec: There are two distinct purposes for the spreadsheet: for this group the only thing that matters is the revenue available for appropriation. It doesn't matter if the debt is in or out.

2<sup>nd</sup> is far more important; to get the information into the warrant so people can see and understand. To help them understand it would be good if a FY14 actuals column was added. It's a very simple thing to correct and it would make the sheet easier to understand."

## **8. Next meeting**

Jan 15, 7:30 AM Lauren will be the facilitator

After some discussion it was agreed to have two meetings in February and only one in January.

So the pattern: Jan. 15 7:40 AM; Feb. 5 & 26.

Adjourned 8:30

Ann Chang